

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Springer, Huberty, Perry,  
Thompson of Harris, White, et al.

H.B. No. 697

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to a sales and use tax exemption for certain items sold by  
3 school booster clubs and support organizations; authorizing a sales  
4 and use tax exemption.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 151.314(d), Tax Code, is amended to read  
7 as follows:

8 (d) Food products, meals, soft drinks, and candy for human  
9 consumption are exempted from the taxes imposed by this chapter if:

10 (1) served by a public or private school, school  
11 district, student organization, booster club or other school  
12 support organization, or parent-teacher association under an  
13 agreement with the proper school authorities in an elementary or  
14 secondary school during the regular school day or by a  
15 parent-teacher association during a fund-raising sale the proceeds  
16 of which do not benefit an individual;

17 (2) sold by a church or at a function of a church;

18 (3) served to a patient or inmate of a hospital or  
19 other institution licensed by the state for the care of humans; ~~or~~

20 (4) served to a permanent resident of a retirement  
21 facility which provides permanent housing and residence to  
22 individuals, a majority of whom are 60 years or older; or

23 (5) sold during an event sponsored or sanctioned by an  
24 elementary or secondary school or school district at a concession

1 stand operated by a booster club or other school support  
2 organization formed to support the school or school district, but  
3 only if the proceeds from the sales benefit the school or school  
4 district.

5 SECTION 2. Subchapter H, Chapter 151, Tax Code, is amended  
6 by adding Section 151.3261 to read as follows:

7 Sec. 151.3261. SCHOOL SPIRIT MERCHANDISE. (a) In this  
8 section, "school spirit merchandise" means tangible personal  
9 property intended to be worn or displayed as a show of support for  
10 an elementary or secondary school or school district.

11 (b) School spirit merchandise sold by a booster club or  
12 other school support organization formed to support an elementary  
13 or secondary school or school district is exempted from the taxes  
14 imposed by this chapter if the proceeds from the sales benefit the  
15 school or school district and the merchandise is:

16 (1) sold under an agreement with the proper school  
17 authorities in an elementary or secondary school during the regular  
18 school day; or

19 (2) sold during an event sponsored or sanctioned by an  
20 elementary or secondary school or school district at a stand  
21 operated by the booster club or other school support organization.

22 SECTION 3. The change in law made by this Act does not  
23 affect tax liability accruing before the effective date of this  
24 Act. That liability continues in effect as if this Act had not been  
25 enacted, and the former law is continued in effect for the  
26 collection of taxes due and for civil and criminal enforcement of  
27 the liability for those taxes.

1 SECTION 4. This Act takes effect September 1, 2013.

# ADOPTED

MAY 22 2013

*Arlene Spaul*  
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *Robert Owen*

1 Amend H.B. No. 697 (senate committee report) by striking  
2 SECTION 2 of the bill (page 1, line 52, through page 2, line 7) and  
3 renumbering subsequent SECTIONS of the bill accordingly.

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**May 23, 2013**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB697** by Springer (Relating to a sales and use tax exemption for certain items sold by school booster clubs and support organizations; authorizing a sales and use tax exemption.), **As Passed 2nd House**

**No significant fiscal implication to the State is anticipated.**

The bill would amend Chapter 151 of the Tax Code relating to the exemption of certain items sold by school booster clubs and support organizations from the state sales and use tax.

The bill would add booster clubs and other school support organizations to the list of groups exempt from the taxes imposed by this chapter for the sale of food products, meals, soft drinks, and candy for human consumption.

This bill would have no significant fiscal impact on the state or units of local government.

This bill would take effect September 1, 2013.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**May 8, 2013**

**TO:** Honorable Tommy Williams, Chair, Senate Committee on Finance

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB697** by Springer (Relating to a sales and use tax exemption for certain items sold by school booster clubs and support organizations; authorizing a sales and use tax exemption.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB697, As Engrossed: a negative impact of (\$1,908,000) through the biennium ending August 31, 2015.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$897,000)
2015	(\$1,011,000)
2016	(\$1,045,000)
2017	(\$1,080,000)
2018	(\$1,118,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Transit Authorities</i>	Probable Revenue (Loss) from <i>Counties and Special Districts</i>
2014	(\$897,000)	(\$165,000)	(\$58,000)	(\$27,000)
2015	(\$1,011,000)	(\$187,000)	(\$66,000)	(\$30,000)
2016	(\$1,045,000)	(\$193,000)	(\$66,000)	(\$31,000)
2017	(\$1,080,000)	(\$199,000)	(\$71,000)	(\$32,000)
2018	(\$1,118,000)	(\$206,000)	(\$73,000)	(\$33,000)

**Fiscal Analysis**

The bill would amend Chapter 151 of the Tax Code relating to the exemption of certain items sold by school booster clubs and support organizations from the state sales and use tax.

The bill would add booster clubs and other school support organizations to the list of groups exempt from the taxes imposed by this chapter for the sale of food products, meals, soft drinks,

and candy for human consumption.

The bill would also exempt school spirit merchandise, as defined by the bill, sold by a booster club or other school support organization in a school during the school day, or during an event sponsored or sanctioned by the appropriate school or school district, from the taxes imposed by this chapter. The bill would stipulate that the proceeds from the sales benefit the school or school district and were sold under an agreement made with the proper school authorities.

The bill would take effect September 1, 2013.

### **Methodology**

The total number of public and private school students was estimated from Texas Education Agency (TEA) data and other sources. The amount of money each student across grade levels 6 through 12 and their families would spend on items sold by groups made eligible for exemption by the bill, and the market share of those groups, were estimated then multiplied by the number of students in these grades. These grades were assumed to constitute the large majority of sales that would be affected by the provisions of the bill. The sales tax rate was then applied to the resulting amount and extrapolated through 2018.

### **Local Government Impact**

There would be a corresponding loss of sales and use tax revenue to local taxing jurisdictions.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**March 17, 2013**

**TO:** Honorable Harvey Hilderbran, Chair, House Committee On Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB697** by Springer (Relating to a sales and use tax exemption for certain items sold by school booster clubs and support organizations; authorizing a sales and use tax exemption.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB697, As Introduced: a negative impact of (\$1,908,000) through the biennium ending August 31, 2015.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$897,000)
2015	(\$1,011,000)
2016	(\$1,045,000)
2017	(\$1,080,000)
2018	(\$1,118,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue (Loss) from Cities	Probable Revenue (Loss) from Transit Authorities	Probable Revenue (Loss) from Counties and Special Districts
2014	(\$897,000)	(\$165,000)	(\$58,000)	(\$27,000)
2015	(\$1,011,000)	(\$187,000)	(\$66,000)	(\$30,000)
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**Fiscal Analysis**

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The bill would take effect September 1, 2013.

### **Methodology**

The total number of public and private school students was estimated from Texas Education Agency (TEA) data and other sources. The amount of money each student across grade levels 6 through 12 and their families would spend on items sold by groups made eligible for exemption by the bill, and the market share of those groups, were estimated then multiplied by the number of students in these grades. These grades were assumed to constitute the large majority of sales that would be affected by the provisions of the bill. The sales tax rate was then applied to the resulting amount and extrapolated through 2018.

### **Local Government Impact**

There would be a corresponding loss of sales and use tax revenue to local taxing jurisdictions.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**TAX/FEE EQUITY NOTE**

**83RD LEGISLATIVE REGULAR SESSION**

**March 15, 2013**

**TO:** Honorable Harvey Hilderbran, Chair, House Committee On Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB697** by Springer (Relating to a sales and use tax exemption for certain items sold by school booster clubs and support organizations; authorizing a sales and use tax exemption.), **As Introduced**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

**Source Agencies:**

**LBB Staff:** UP, KK